LEVERS OF BRAND GROWTH

MARKETING FUNDAMENTALS GUIDE

There is so much debate in the industry on how to really grow our brands. On the one hand, people say it's all about penetration, while others say it's about increasing the wallet share of loyal customers.

The right strategy to grow is actually more contextual than you think, considering your current stage, size and business model, to name a few things.

Kantar's Brand Footprint report provides a helpful visual on the five levers that help a brand to grow.

Let's take a look at each.

1. More presence

The first is the need to gain more presence, which expands the number of opportunities where shoppers can buy your brand. So, in essence, more distribution channels based on where your audience is likely to want to shop.
This aligns with the concept of 'physical availability' presented by the Ehrenburg Bass Institute and is incredibly important to growing your brand. The simple formula is the more distribution, whether it be online or offline, you have, the better. However, this comes with a caveat, and that is where your brand fits in with the channels.

For instance, you would not want a high-end luxury brand to be sold in market stalls. Or where the end-to-end purchase experience is really important, so selling on say, Amazon, where you have no control over the experience, may not be a good option.

So in the main, more presence is a good thing, but it must also align with your brand's audience, values and where they would expect to see the brand. A good example of this comes from the world's leading beauty group, L'Oreal. They have a clear distribution strategy for their different brands and even segment their divisions across the channels in which their products are. They have a specific pharmacy channel in which certain brands that fit the channel would be represented, while many luxury products would not suit that channel.

Interestingly, Professor Byron Sharp actually suggests that more presence could be a significant factor that drives repeat purchases, a major so-called indicator of customer loyalty. He argues that what at first appears as loyalty could just be significant physical availability, which leads to repeat purchases. Shopper convenience sits at the heart of this line of logic.

One final point that Professor Byron Sharp makes is that we need to look beyond our usually defined timelines when it comes to customer loyalty. His point is that given the infrequency with which lighter buyers make a purchase, it could appear that they are not loyal. And yet, they are merely operating in their own buyer pattern, which may be over an extended period of time.

2. More targets

The second way brands grow is by increasing the size of their target audience by extending the product into other areas that may appeal to others. For instance, Coca-Cola are kings of this, where they have introduced a range of new variants from Diet Coke to Coke Zero.

By doing so they are able to attract consumers who may, in the past, have had a slight interest in the brand but did not feel compelled enough to act. However, with the new variant, the combination of the existing brand appeal plus something that makes it even more attractive, like a low-calorie option, is enough to tip them over and get them to give it a try.

3. More categories

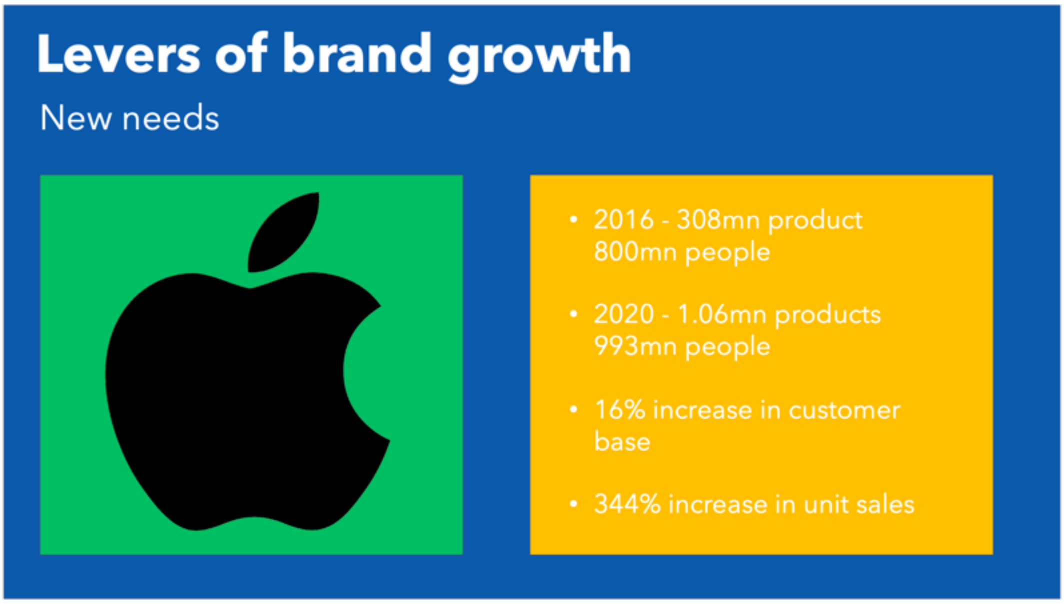
The third way is by stretching brands into different categories altogether. For instance, Heinz did this by moving into pasta sauces. They used their existing credibility in the tomato ketchup category to push into a new yet somewhat adjacent category.

Either existing Heinz users may likely try it, or indeed, it may pique the interest of an entirely new set of buyers who recognise the brand but do not consume ketchup.

4. New needs

The fourth way to expand your brand is by targeting existing customers with new needs that could relate to each other. Apple, for instance, is very good at expanding its ecosystem from hardware originally and now into almost every type of tech category you can consider. Apple has been able to grow significantly on the back of this approach.

For instance, in 2016, Apple had around 308 million products and subscriptions with around 800 million customers. In 2020, they increased their products and subscriptions to c1 billion with around 993 million customers. This represented a 16% growth in their customer base yet a 344% increase in their unit sales.



In fact, this is perhaps one of the strongest cases for leveraging existing customers and increasing their wallet share in order to grow your brand. It also goes against the grain of the Ehrenburg Bass Institute, which states that to grow, it's more about new customers than existing ones.

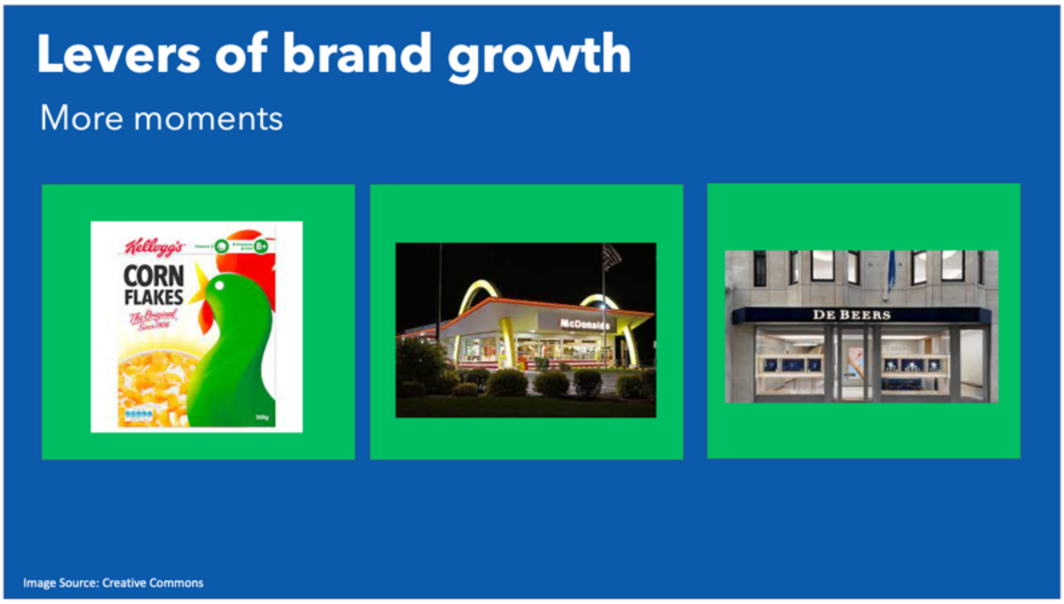
You do, however, need to carefully consider your own context and how you balance new and existing customers. For a brand like Apple, with one of the highest user bases in the world, it may well be appropriate and suitable to focus on increasing the wallet share of existing customers.

For brands still trying to achieve critical mass, going exclusively for existing customers won't get them to grow at scale. So, in these cases, penetration may well be the right answer.

I think it's worth pointing out that neither school of thought would suggest discounting the valuable role that customers have and that looking after them is indeed a good thing. We know that existing customers can be valuable advocates and generate significant ongoing revenue streams. So the question we are answering is not whether we should do the right thing by our customers, but rather what's the best way for our brand size to grow.

5. More moments

The final way to get your brand to grow is by increasing the occasions and moments in which your brand's products are consumed. It also relates to increasing mental associations of your brand with different occasions.



For example, Kellogg's a number of years ago came up with the Special K challenge where they got consumers to increase the number of times they eat their cereal in the day in a bid to lose weight. Another example is where you increase the size of the purchase in an occasion, which is where the famous McDonald's line – 'Should we make it a large' comes from.

Now, there is a whole load of literature on creating moments and engraining a brand at certain occasions in a consumer's life. After all, De Beers literally engrained the thought that a diamond is a thing to have during an engagement with their slogan, 'diamonds are forever'. Whilst other brands jump on other occasions, from sporting events to the Queen's Jubilee weekend.

Many brands also try to own a specific occasion territory, which both appeals to the consumers of that particular thing and cements the brand's place and association with that popular event. For instance, the now EE (previously Orange) created Orange Wednesdays to offer their customers 241 cinema tickets on Wednesday, so when you thought of film, you thought of their network. Vodafone did this with sporting events.

Often, marketing departments get asked to justify why they spend considerable amounts of money on sponsorship, such as HSBC's long-term sponsorship of golfing tournaments. The answer lies in the associations it creates, the symbolism of the attachment to that event with the brand and the positive reflections it gives a brand.

So there you have it, the five key ways a brand can grow.